

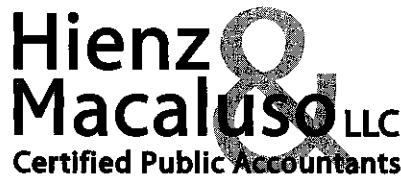
PONTCHARTRAIN LEVEE DISTRICT

AGREED-UPON PROCEDURES REPORT

FOR THE YEAR ENDED JUNE 30, 2012

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Independent Accountant's Report
On Applying Agreed-Upon Procedures
For the Year Ended June 30, 2012

To the Board of Levee Commissioners
Pontchartrain Levee District
Lutcher, Louisiana

We have performed the procedures enumerated below as they are a required part of the engagement. We are required to perform each procedure and report the results, including any exceptions. Management is required to provide a corrective action plan that addresses all exceptions noted. For any procedures that do not apply, we have marked "not applicable."

Management of the Pontchartrain Levee District is responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations. These procedures were agreed to by management of the Pontchartrain Levee District and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about the Pontchartrain Levee District's compliance with certain laws and regulations during the year ended June 30, 2012.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

General

1. Determine if there are adequate written policies and procedures for the primary financial/business functions of the entity (budgeting, receipts, purchasing, disbursements, payroll/personnel, contracting, travel, related parties, ethics).

We determined that there are adequate written policies and procedures over the areas listed above.

2. Using the financial statements or AFR, perform analytical procedures comparing current and prior year financial statements, by line item. Identify and obtain explanations for variances of 10% or greater for line items that are 10% or more of the respective total assets, liabilities, equity, revenues, or expenses.

We identified the following variances and obtained the required explanations as follows:

Infrastructure (100% increase), construction in progress (100% decrease), retainage payable (98% decrease), and invested in capital assets (10% increase) is due primarily to the completion of the Cross Bayou Pump Station construction project.

Other postemployment benefits payable (12% increase) is due primarily to the current year cost as actuarially calculated.

Capital contributions (49% decrease) is due primarily to less contributions received in the current year to fund the Cross Bayou Pump Station construction.

Cost of sales and services (13% increase) and accounts payable (24% increase) is due primarily to increased expenditures for levee maintenance in the current year.

Cash

1. Prepare a proof of cash for the period covered by the financial statements.

We prepared a proof of cash for the year ended June 30, 2012.

2. Determine if cash collection responsibilities are adequately segregated to ensure that the person responsible for cash collections is not responsible for posting accounts receivable or making deposits.

We determined that cash collection procedures are adequately segregated.

3. Determine if bank reconciliations have been prepared for all months in the period covered by the financial statements. Determine if there is evidence of management review of the bank reconciliations. Determine if the reconciled balance for the final month of the fiscal year agrees to the general ledger.

We determined that bank reconciliations have been prepared for all months in the period covered by the financial statements and that the reconciled balance for the final month of the fiscal year agrees to the general ledger.

We determined that there is evidence of management review of the bank reconciliations.

Credit Cards

1. Obtain from management a listing of all active credit cards (and bank debit cards if applicable) for the period under examination, including the card numbers and the names of the persons who maintained possession of the cards.

Management provided us with the required listing.

2. Obtain the monthly statements for all credit/debit cards used during the period under examination and select for detailed review the largest (dollar amount) statement for the two cards with the most (dollar amount) activity:

We obtained the required monthly statements and selected the largest statements for the two cards with the most activity.

A. Obtain the entity's supporting documentation for the largest purchase/charge shown on each selected monthly statement:

- Determine if each purchase is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased)
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating)
 - Other documentation as may be required by policy (e.g., purchase order, authorization, etc.)

We determined that each purchase was supported by an original itemized receipt, documentation of the business/public purpose, and other documentation as required by policy.

- Determine if selected purchases effectively circumvented the entity's normal procurement/purchasing process and/or the Louisiana Public Bid Law (i.e., large or recurring purchases requiring the solicitation of bids or quotes).

We determined that the selected purchases did not circumvent the entity's normal procurement/purchasing process and/or Louisiana Public Bid Law.

B. Determine if there is evidence of management review of the two selected statements.

We determined there is evidence of management review of the selected statements.

Travel and Expense Reimbursement

1. Obtain a listing of all travel and related expense reimbursements during the period under examination and trace to the general ledger for completeness. Select for review the three persons who were reimbursed the most money:

Management provided us with the required listing and we traced to the general ledger for completeness. We selected for review the three persons reimbursed the most money.

A. Obtain all of the expense reimbursement reports of each selected person, including the supporting documentation, and choose the largest expense report from each person to review in detail:

- Determine if each expenditure is:
 - Reimbursed in accordance with written policy (e.g., rates established for meals, mileage, lodging, etc.) and applicable laws.
 - For an appropriate and necessary business purpose relative to the travel

We determined that each expenditure was reimbursed in accordance with written policy and applicable laws and was for an appropriate business purpose.

- Determine if each expenditure is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased)

[Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) generally does not require a receipt.]

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating)
- Other documentation as may be required by policy (e.g., authorization for travel, conference brochure, certificate of attendance, etc.)

We determined that each expenditure was supported by an original itemized receipt, documentation of the business/public purpose, and any other documentation required by policy.

- Determine if each expense report (including documentation) was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

We determined that each expense report was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

1. Review accounting records (e.g., general ledgers, accounts payable reports, etc.) for the period under examination to identify individuals/businesses being paid for contracted services (e.g., professional, technical, etc.). Select the five "vendors" that were paid the most money during the period and determine if there is a formal/written contract that supports the services arrangement.

We selected the five vendors paid the most money during the period and performed the required procedures.

2. Obtain a listing of all active contracts and the expenditures made during the period under examination and trace to the general ledger for completeness. Select for detailed review, the largest (dollar amount) contract in each of the following categories that was entered into during the period.

(1) Services

(2) Materials and supplies

(3) Public works

Management provided us with the required listing and we traced to the general ledger for completeness.

A. Obtain the selected contracts and the related paid invoices and:

- Determine if the contract is a related party transaction by obtaining management's representation.

We obtained the required representation from management.

- Determine if the transaction is subject to the Louisiana Public Bid Law or Procurement Code:
 - If yes, determine if the entity complied with all requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder, etc.)

We determined that the applicable contracts complied with all requirements of Louisiana Public Bid Law.

- If no, determine if the entity provided an open and competitive atmosphere (a good business practice) for the transaction/work.

Not applicable.

- Determine if the contract was amended. If so, determine whether the original contract contemplated or provided for such an amendment. Furthermore, determine if the amendment is outside the scope of the original contract, and if so, whether it should have been separately bid and contracted.

Not applicable.

- Select the largest payment from each of the 3 largest contracts selected above and determine if the invoice(s) received and payment complied with the terms and conditions of the contract.

We determined that the largest payment from each of the 3 contracts selected complied with the terms and conditions of the contract.

- Determine if there is documentation of board approval, if required.

We determined that there was documentation of board approval for the contracts selected.

Payroll and Personnel

1. Obtain a listing of employment contracts/salaries in force during the period under examination and trace to the general ledger for completeness. Select the five highest paid employees and:

We selected the five highest paid employees during the period and performed the required procedures.

- Determine if payments issued during the period under examination were done in strict accordance with the terms and conditions of the contract or pay rate structure.

We determined that payments issued during the period were done in accordance with the required terms and conditions.

- Determine if changes made to hourly pay rates/salaries during the period under examination were approved in writing and in accordance with policy.

We determined that changes made to hourly pay rates/salaries were approved in writing and in accordance with policy.

2. Select the attendance and leave records for one pay period in which leave has been taken by at least one employee and:

- Determine if all employees are documenting their daily attendance and leave (e.g., vacation, sick, etc.). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

We determined that all employees are documenting their daily attendance and leave.

- Determine if supervisors are approving, in writing, the attendance and leave of all employees.

We determined that supervisors are approving in writing the attendance and leave of all employees.

- Determine if the entity is maintaining accurate written leave records (e.g., hours earned, hours used, and balance available) on all eligible employees.

We determined that the entity is maintaining accurate written leave records on all eligible employees.

3. Select the two largest termination payments (e.g., vacation, sick, compensatory time, etc.) made during the period under examination. Determine if the payments were supported by adequate documentation, made in strict accordance with policy and/or contract, and properly approved.

We selected the two largest payments for accrued accumulated leave and found adequate and approved supporting documentation in accordance with the policy.

Budget

1. Obtain a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original budget. There were no amendments.

2. Trace the budget adoption and amendments to the minute book.

We traced the adoption of the original budget to the minutes of a meeting held on March 21, 2011 which indicated that the budget had been adopted by the Board of Levee Commissioners of the Pontchartrain Levee District.

3. Compare the total revenues and total expenditures of the final budget to actual total revenues and total expenditures on the financial statements or AFR. Report variances of 10% or greater.

We compared the total revenues and total expenditures of the final budget to actual total revenues and total expenditures on the AFR and determined the final variances:

Total expenditures were 20% less than budgeted expenditures primarily due to less than expected expenditures for levee maintenance.

Debt Service

1. If debt was issued during the financial statement period, verify that State Bond Commission approval was obtained, as applicable.

Not applicable.

2. Determine compliance with applicable debt covenants.

Not applicable.

Corrective Action

1. Obtain management's response and corrective action plan for any exceptions noted in the above agreed-upon procedures.

Not applicable.

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Pontchartrain Levee District and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Hienz & Macaluso, LLC

September 11, 2012

**PONTCHARTRAIN LEVEE DISTRICT
SUMMARY SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012**

There were no findings for the year ended June 30, 2012.

**PONTCHARTRAIN LEVEE DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012**

There were no findings for the prior year ended June 30, 2011.

**PONTCHARTRAIN LEVEE DISTRICT
SCHEDULE OF PER DIEM PAID TO COMMISSIONERS
FOR THE YEAR ENDED JUNE 30, 2012**

Marty Poche	\$ 2,700
Michael DeLaune	2,175
Allen St. Pierre	2,700
Jerry Savoy	2,700
Irvin Leonard	2,625
Ricky Bosco	<u>1,950</u>
Total	<u>\$14,850</u>